

Message Text

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TAGS: ENRG, UK

SUBJECT: FINANCIAL TIMES REPORTS US MAY OFFER INCENTIVES
TO REPATRIATE NORTH SEA RIGS

1. BEGIN UNCLASSIFIED: FOLLOWING IS TEXT OF PERTINENT
PORTION OF ARTICLE BY PAUL LEWIS WHICH APPEARED IN
SEPTEMBER 7 FINANCIAL TIMES:

QUOTE: THE U.S. TREASURY HAS STEPPED UP ITS CAMPAIGN
AGAINST THE LABOUR GOVERNMENT'S PLANS TO RENEGOTIATE
NORTH SEA OIL LEASES, BY WARNING VISITING BRITISH PARLIA-
MENTARIANS THAT IT MAY ENCOURAGE U.S. COMPANIES TO WITH-
DRAW THEIR OIL RIGS FROM THE NORTH SEA FIELDS.

THE WARNING WAS GIVEN EARLIER THIS WEEK BY SENIOR TREAS-
URY OFFICIALS TO MEMBERS OF THE HOUSE OF COMMONS SUB-
COMMITTEE ON ENERGY, WHICH IS VISITING WASHINGTON TO EX-
AMINE AMERICAN ENERGY POLICY.

THE MEMBERS WERE TOLD THAT THE TREASURY AND THE DEPART-
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MENT OF THE INTERIOR ARE STUDYING THE POSSIBILITY OF

OFFERING U.S. OIL COMPANIES FISCAL INCENTIVES TO REPATRI-
ATE SCARCE OIL RIGS FROM THE NORTH SEA TO PROSPECT IN
AMERICAN WATERS.

NO DECISIONS HAVE BEEN TAKEN, AND SOME U.S. OFFICIALS
DOUBT WHETHER ANYTHING WILL COME OF THE IDEA, BUT, IN THE
MEANTIME, THE TREASURY WARNING IS BEING INTERPRETED IN
DIPLOMATIC CIRCLES HERE AS AT LEAST A FURTHER ATTEMPT TO
STRENGTHEN THE HAND OF THE AMERICAN OIL COMPANIES IN ANY
RENEGOTIATION OF THEIR LEASES WITH THE BRITISH GOVERN-
MENT.

DURING THEIR DISCUSSIONS, U.S. OFFICIALS APPEAR TO HAVE
LEFT THE PARLIAMENTARIANS IN NO DOUBT THAT THEIR ATTITUDE
HAS BEEN INFLUENCED BY THE LABOUR GOVERNMENT'S PLEDGE
TO INCREASE STATE PARTICIPATION IN THE NORTH SEA, AND
THE BELIEF THAT THIS MAY MAKE CONCESSIONS THERE LESS
ATTRACTIVE THAN SOME OF THOSE AVAILABLE IN THE U.S.

ANXIOUS
HOWEVER, THE TREASURY IS ALSO ANXIOUS TO PUSH AHEAD WITH
THE SO-CALLED PROJECT INDEPENDENCE, UNDER WHICH THE FORD
ADMINISTRATION IS COMMITTED TO MAKING THE U.S. NEARLY
SELF-SUFFICIENT IN ENERGY BY ABOUT 1985.

AMONG OTHER MEASURES, THIS INVOLVES A STEPPED-UP PRO-
GRAMME OF EXPLORATION AND DRILLING IN THE WATERS AROUND
THE U.S. FOR WHICH NEW RIGS ARE URGENTLY REQUIRED AT A
TIME OF SHORT SUPPLY THROUGHOUT THE WORLD.

ANY SERIOUS REDUCTION IN THE NUMBER OF RIGS AT WORK IN
THE NORTH SEA WOULD SLOW DOWN THE RATE AT WHICH RESERVES
THERE COME ON TO THE WORLD MARKET. AS A RESULT, THE U.S.
MUST WEIGH THE ADVANTAGES OF SEEKING NEW DEOMESTIC OIL
SUPPLIES, WHICH MAY OR MAY NOT EXIST, AGAINST THE DOWN-
WARD PRESSURE ON WORLD OIL PRICES EXERTED BY A RAPID
EXPLOITATION OF THE NORTH SEA FINDS. UNQUOTE. END
UNCLASSIFIED

2. BEGIN LOU: DEPARTMENT OF ENERGY OFFICIAL RESPONSIBLE
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FOR NORTH SEA POLICY HAS MENTIONED FT ARTICLE TO US AND
INFORMALLY REQUESTED BACKGROUND INFORMATION ON MEETINGS
BETWEEN USG OFFICIALS AND BRITISH MPS.

3. "PARLIAMENTARIANS" REFERRED TO ARE ALMOST CERTAINLY
PARLIAMENTARY ENERGY RESOURCES SUB COMMITTEE LED BY
LABOUR MP ARTHUR PALMER AND CONSISTING OF 5 OTHER MPS AND
SUPPORTING STAFF. GLASBY IN UK EMBASSY WASHINGTON APPEARS

TO BE CONTROL OFFICER. END LOU. SOHM

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